

YWCA OF GREATER BATON ROUGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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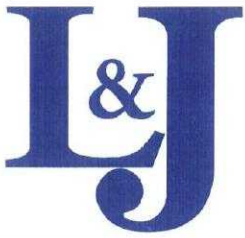
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Latuso and Johnson CPA, LLC
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
YWCA of Greater Baton Rouge
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of YWCA of Greater Baton Rouge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YWCA of Greater Baton Rouge as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on summarized comparative information.

We have previously audited the YWCA of Greater Baton Rouge's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it is derived.

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2014, on our consideration of YWCA of Greater Baton Rouge's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YWCA of Greater Baton Rouge's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Latuso & Johnson CPA, LLC". The script is cursive and fluid, with the letters "L", "J", and "C" being particularly prominent.

Baton Rouge, Louisiana
April 24, 2014

**YWCA OF GREATER BATON ROUGE
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR 2012**

ASSETS

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Current Assets:				
Cash and Cash Equivalents (Note 1)	\$ 46,601	\$ 62,450	\$ 109,051	\$ 141,318
Accounts Receivable	10,625	-	10,625	31,369
Government Grants Receivable	117,697	-	117,697	110,942
Promises to Give	3,360	27,500	30,860	-
Prepaid Expenses	24,872	-	24,872	9,855
Total Current Assets	203,155	89,950	293,105	293,484
Property and Equipment, Net (Note 2)	87,312	-	87,312	82,001
Other Assets				
Software License and Maintenance				
Contracts - Net of Amortization of \$9,464	4,638	-	4,638	8,989
Total Assets	<u>\$ 295,105</u>	<u>\$ 89,950</u>	<u>\$ 385,055</u>	<u>\$ 384,474</u>

LIABILITIES AND NET ASSETS

Current Liabilities:				
Accounts Payable	\$ 58,257	\$ -	\$ 58,257	\$ 67,146
Notes Payable to Bank (Note 3)	96,452	-	96,452	98,519
Grant Advances (Note 4)	7,484	-	7,484	10,981
Accrued Payroll Expenses	38,805	-	38,805	13,044
Accrued Vacation	67,499	-	67,499	61,371
Total Current Liabilities	268,497	-	268,497	251,061
Net Assets:				
Unrestricted	26,608	-	26,608	89,663
Temporarily Restricted (Note 5)	-	89,950	89,950	43,750
Total Net Assets	26,608	89,950	116,558	133,413
Total Liabilities and Net Assets	<u>\$ 295,105</u>	<u>\$ 89,950</u>	<u>\$ 385,055</u>	<u>\$ 384,474</u>

The accompanying notes are an integral part of these financial statements

YWCA OF GREATER BATON ROUGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
Support and Revenue:				
Support:				
Grants and Contracts	\$ 2,336,541	\$ 89,950	\$ 2,426,491	\$ 2,657,542
Contributions-In-Kind (Note 10)	376,519	-	376,519	327,498
Contributions	84,474	-	84,474	97,767
United Way	75,000	-	75,000	110,063
Special Events	33,185	-	33,185	23,455
Thrift Store Contributions	4,949	-	4,949	-
Forgiveness of Dues	-	-	-	48,625
Total Support	<u>2,910,668</u>	<u>89,950</u>	<u>3,000,618</u>	<u>3,264,950</u>
Revenue:				
Insurance Claim	30,000	-	30,000	-
Membership Dues	860	-	860	2,592
Interest Income	12	-	12	78
Thrift Store Sales	-	-	-	3,622
Total Revenue	<u>30,872</u>	<u>-</u>	<u>30,872</u>	<u>6,292</u>
Net Assets Released from				
Restrictions	<u>43,750</u>	<u>(43,750)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,985,290</u>	<u>46,200</u>	<u>3,031,490</u>	<u>3,271,242</u>
Expenses:				
Program Services	2,680,941	-	2,680,941	2,744,843
Management and General	358,825	-	358,825	416,385
Fund Raising	8,579	-	8,579	14,352
Thrift Store	-	-	-	12,270
Total Expenses	<u>3,048,345</u>	<u>-</u>	<u>3,048,345</u>	<u>3,187,850</u>
Change in Net Assets	(63,055)	46,200	(16,855)	83,392
Net Assets, Beginning of Year	<u>89,663</u>	<u>43,750</u>	<u>133,413</u>	<u>50,021</u>
Net Assets, End of Year	<u>\$ 26,608</u>	<u>\$ 89,950</u>	<u>\$ 116,558</u>	<u>\$ 133,413</u>

The accompanying notes are an integral part of these financial statements

YWCA OF GREATER BATON ROUGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (16,855)	\$ 83,392
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	33,404	43,596
Loss on disposition of property	-	3,677
Net Changes in Assets and Liabilities:		
Increase in Receivables	(13,511)	(68,754)
(Increase) Decrease in Other Assets	(14,026)	1,481
Decrease in Accounts Payable	(8,889)	(19,153)
Decrease in Grant Advances	(3,497)	(21,435)
Increase (Decrease) in Other Current Liabilities	31,889	(82,635)
Total Adjustments	<u>25,370</u>	<u>(143,223)</u>
Net Cash Provided (Used) by Operating Activities	8,515	(59,831)
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	<u>(38,715)</u>	<u>(5,250)</u>
Net Cash Used by Investing Activities	(38,715)	(5,250)
Cash Flows From Financing Activities:		
Repayments of Short Term Borrowings, Net	<u>(2,067)</u>	<u>(7,758)</u>
Net Cash Used by Financing Activities	<u>(2,067)</u>	<u>(7,758)</u>
Net Decrease in Cash and Cash Equivalents	(32,267)	(72,839)
Cash and Cash Equivalents - Beginning of Year	<u>141,318</u>	<u>214,157</u>
Cash and Cash Equivalents - End of Year	\$ <u>109,051</u>	\$ <u>141,318</u>
<i>Supplementary Information:</i>		
Interest Paid	\$ <u>5,848</u>	\$ <u>5,909</u>

The accompanying notes are an integral part of these financial statements

**YWCA OF GREATER BATON ROUGE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH COMPARATIVE TOTALS FOR 2012**

		<u>Support Services</u>			
		Management			
	<u>Program</u>	<u>and</u>	<u>Fund</u>	<u>2013</u>	<u>2012</u>
	<u>Services</u>	<u>General</u>	<u>Raising</u>	<u>Total</u>	<u>Total</u>
Salaries	\$ 1,381,108	\$ 170,703	\$ -	\$ 1,551,811	\$ 1,606,453
Contract Services	285,032	80,819	2,572	368,423	431,238
Donations-In Kind	373,736	2,783	-	376,519	327,498
Fringe Benefits	182,313	9,288	-	191,601	215,140
Supplies	119,195	5,611	1,614	126,420	157,396
Payroll Taxes	108,464	13,484	-	121,948	129,005
Occupancy	95,306	24,562	-	119,868	88,357
Conferences	26,471	3,124	-	29,595	23,950
Insurance	24,068	5,424	-	29,492	34,246
Telecommunications	11,494	8,997	-	20,491	21,274
YWCA Regional Dues	-	18,153	-	18,153	25,230
Staff Development	13,559	35	-	13,594	18,774
Travel Expenses	11,241	-	-	11,241	22,640
Printing/Publications/Postage	5,242	3,927	530	9,699	9,844
Interest and Bank Charges	422	7,453	-	7,875	10,401
Dues and Subscriptions	6,004	1,480	-	7,484	6,313
Special Events	-	-	3,717	3,717	3,624
Van Repairs & Maintenance	2,407	-	-	2,407	6,304
Awards	1,977	-	146	2,123	1,433
Parent Services & Activities	1,290	-	-	1,290	616
Finger Printing & Background	1,063	127	-	1,190	841
Total Expenses					
Before Depreciation & Loss	2,650,392	355,970	8,579	3,014,941	3,140,577
Depreciation	30,549	2,855	-	33,404	43,596
Loss on Fixed Asset	-	-	-	-	3,677
Total Expenses	\$ 2,680,941	\$ 358,825	\$ 8,579	\$ 3,048,345	\$ 3,187,850

The accompanying notes are an integral part of these financial statements

YWCA OF GREATER BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

YWCA of Greater Baton Rouge (the “Organization”) is a Louisiana non-profit corporation organized for the purpose of advancing the spiritual, intellectual, mental, social, cultural and physical condition of women and girls in the Baton Rouge area. The Organization is associated with the Young Women’s Christian Association of the United States of America. The Organization is also a participating agency of and receives a portion of its annual funding needs from the Capital Area United Way. Other principal sources of revenues are grants, annual membership dues, donations and fees charged for various program activities. The Organization is exempt from Federal Income Taxes under Section 501(c) (3) of the Internal Revenue Code.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Net Assets

The Organization classifies assets into three categories: unrestricted, temporarily restricted and permanently restricted. All net assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary, donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

YWCA OF GREATER BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Uncollectible Accounts Receivable and Promises to Give

The Organization uses the direct charge-off method whereby uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. The Organization increased its capitalization threshold to \$2,500 effective December 12, 2012. Depreciation is computed using the straight-line method for financial reporting purposes over the following estimated useful lives:

Buildings and grounds	5-15
Vehicles	5-7
Equipment	3-10
Leasehold improvements	10

YWCA OF GREATER BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Donated Assets and Services

Land, buildings and equipment received as donations are recognized in the accompanying financial statements at their estimated fair market value at the date they are received.

The Organization recognizes contribution revenue for certain services received at the fair value of those services provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Concentration of Credit

The Organization maintains cash accounts with one commercial bank. The balances have not exceeded the federally insured amount of \$250,000 during 2013.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on the time spent on each program.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

YWCA OF GREATER BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(CONTINUED)

NOTE 2 – FIXED ASSETS

A summary of fixed assets at December 31, 2013 is as follows:

Buildings and grounds	\$348,114
Vehicles	227,339
Equipment	211,552
Leasehold improvements	<u>33,266</u>
	820,271
Accumulated depreciation	<u>(732,959)</u>
Net book value	<u>\$ 87,312</u>

Depreciation expense for the year ended December 31, 2013 was \$33,404.

NOTE 3 - NOTES PAYABLE

Short-term notes payable in the amount of \$96,452 at December 31, 2013 consisted of a bank revolving line of credit of \$100,000 at the bank's index rate (6%).

NOTE 4 – GRANT ADVANCES

The organization often receives private grants which are intended by the grantor for certain general programs. The funds are subject to being reclaimed by the grantor should it be determined that the intended use is unlikely to occur. These grants are recorded as a liability until such time that they are used for the intended program. Once the intended use has been identified, the portion used is recognized as income in the period the related expense is incurred.

Grant advances at December 31, 2013 consisted of one refundable grant from the Susan G Komen Foundation, which can be expended through March 31, 2014.

YWCA OF GREATER BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(CONTINUED)

NOTE 5 - RESTRICTED NET ASSETS

Restricted net assets consisted of the following at December 31, 2013:

Pennington Foundation	\$ 43,750
Capital Area United Way	27,500
Bradie James' Foundation 56	<u>18,700</u>
	<u>\$ 89,950</u>

NOTE 6 – LEASE COMMITMENTS

The Organization leases its administrative offices and one building under two noncancellable operating leases. In addition, certain occupancy costs for the day care center is allocated and charged to the YWCA.

The Organization also rents storage facilities and equipment on a daily basis as needed. Total rent expense and allocated costs for the year ended December 31, 2013 was \$116,091.

The future minimum lease payments are as follows:

December 31:	
2014	\$ 52,448
2015	24,000
2016	24,000
2017	<u>24,000</u>
	<u>\$124,448</u>

NOTE 7 – ECONOMIC DEPENDENCY

The Organization receives the majority of its revenues from funds provided through various state and federal grants. During the year ended December 31, 2013, approximately 76% of total revenue was received from the Federal and State Grants. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal, state and/or local level, the amount of funds the Organization receives could be reduced significantly and could have an adverse impact on its operations.

YWCA OF GREATER BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(CONTINUED)

NOTE 8 – RETIREMENT PLAN

Employees of the organization who meet minimum service requirements are eligible to participate in the national YWCA Retirement Fund. The Plan is a cash balance defined benefit plan. Employee contributions are optional. Employees are allowed to make voluntary contributions based on their compensation up to certain maximum limits. During the year ended December 31, 2013, the Organization contributed \$51,892 to the retirement plans, and these contributions are included as employee benefits in the accompanying financial statements.

The actuarial present value of the benefit obligation and fair value of plan assets are not available separately for each employer that participates in the plan.

NOTE 9 – FEDERAL COMPLIANCE CONTINGENCIES

The Organization receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

NOTE 10 - IN-KIND CONTRIBUTIONS

During the year ended December 31, 2013, the Organization received the following non-cash donations of material, services and free use of facilities that have been reflected in the accompanying financial statements in Support and Revenues as Contributions-In-Kind and Functional Expenses as Donations-In-Kind:

Volunteers, Interns and Professional Services	\$ 170,059
Food	83,881
Free or Discounted Use of Facilities	105,807
Equipment Usage and Maintenance Services	13,447
Other Items	2,640
Supplies	685
Total In-Kind Contributions	<u>\$ 376,519</u>

YWCA OF GREATER BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

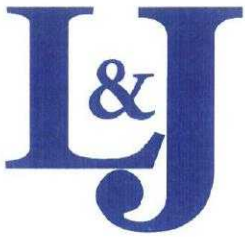
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NOTE 10 - IN-KIND CONTRIBUTIONS (CONTINUED)

Generally accepted accounting principles require that only contributions of services received that create or enhance a nonfinancial assets or require a specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of these financial standards are different than the in-kind requirements of the Organization's grant awards. The Organization received contributions of nonprofessional volunteers during the year with a value of approximately \$22,109 for its Early Head Start program that are not recorded in the statement of activities. Additionally, the Organization valued the Board of Directors' volunteer time at \$68,669.

NOTE 11 - SUBSEQUENT EVENTS

Management of the Organization has evaluated all subsequent events through April 24, 2014, the date the financial statements were available to be issued. No additional disclosures are considered necessary.



Latuso and Johnson CPA, LLC
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors of
YWCA of Greater Baton Rouge
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of YWCA of Greater Baton Rouge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered YWCA of Greater Baton Rouge's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YWCA of Greater Baton Rouge's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

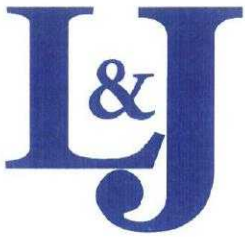
As part of obtaining reasonable assurance about whether YWCA of Greater Baton Rouge's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Latuso & Johnson CPA, LLC".

Baton Rouge, Louisiana
April 24, 2014



Latuso and Johnson CPA, LLC
Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of
YWCA of Greater Baton Rouge
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited YWCA of Greater Baton Rouge's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on YWCA of Greater Baton Rouge's major federal program for the year ended December 31, 2013. YWCA of Greater Baton Rouge's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for YWCA of Greater Baton Rouge's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about YWCA of Greater Baton Rouge's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of YWCA of Greater Baton Rouge's compliance.

Opinion on Each Major Federal Program

In our opinion, YWCA of Greater Baton Rouge complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control over Compliance

Management of YWCA of Greater Baton Rouge is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered YWCA of Greater Baton Rouge's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of YWCA of Greater Baton Rouge's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Latuso & Johnson CPA, LLC

Baton Rouge, Louisiana
April 24, 2014

YWCA OF GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of YWCA of Greater Baton Rouge
2. No material weaknesses in internal controls were disclosed during the audit of the financial statements. No significant deficiencies in internal controls were reported.
3. No instances of noncompliance material to the financial statements were disclosed in accordance with *Government Auditing Standards*.
4. No significant deficiencies in internal control over major federal award programs were reported.
5. The auditors' report on compliance for the major federal award programs for YWCA of Greater Baton Rouge expresses an unqualified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The program tested as major programs included:

 Early Head Start (CFDA 93.600)
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. YWCA of Greater Baton Rouge qualified as a low-risk auditee for the year ended December 31, 2013 for purposes of major program determination.
10. A management letter was not issued.

YWCA OF GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

(CONTINUED)

SECTION II - FINDINGS AND QUESTIONED COSTS

NONE

SECTION III – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Finding 2012-1: The accrual method of accounting was improperly used throughout the year. We noted accounts receivable was often not properly adjusted as funds were received, causing the associated revenues to be overstated throughout the year. Additionally, accrued payroll withholdings were not properly reconciled to supporting documents throughout the year and some payments were posted to expense accounts instead of the liability accounts. The lack of reconciliation and erroneous postings caused the unadjusted liability and related expense accounts to be overstated throughout the year.

Finally, there were several additional asset and liability accounts that required adjustment at year end. It appeared that many of the Organization's assets and liabilities were not reconciled during the year by the finance director nor were they sufficiently reviewed by management.

Questioned Costs: None

Our Recommendation: The Organization or its contract service provider should analyze balance sheet accounts on a monthly basis to ensure account balances are correctly stated to portray the actual rights and obligations of the Organization. On a monthly basis, the chief executive officer should review the aged accounts receivable summary and reconciliations prepared for the selected accounts.

The Organization should put a greater emphasis on reviewing all accounts that affect net assets. We recommend management and the Board establish and implement additional internal controls to enable more effective monitoring of the financial statements. For example, on a monthly basis, the finance director should prepare reconciliations for significant account balances and should prepare a comparative balance sheet that indicates the fluctuations from the prior period in each account. A reporting package including those items should be presented to the chief executive officer to review and analyze. Unusual items and exceptions should be documented and resolved in a timely manner.

YWCA OF GREATER BATON ROUGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013

(CONTINUED)

SECTION III – PRIOR YEAR FINDINGS AND QUESTIONED COSTS - (CONTINUED)

Finding 2012-1 - (Continued):

Action Taken: In May 2013, management began reviewing a detailed accounts receivable report and a balance sheet on a monthly basis. In December 2013, the Finance Director reconciled significant account balances to supporting documentation and recorded any necessary accruals. It appears the accrual method of accounting was properly used since May 2013.

Finding 2012-2: Certain accounts that required adjustment in 2011 were not timely reversed in 2012. This condition ultimately caused the Organization to resubmit a report to the Department of Health and Human Services. If this condition continues to occur, the Organization could potentially and inadvertently request a duplicate reimbursement from certain grantors that could ultimately require repayment.

Questioned Costs: None

Our Recommendation: All adjustments made which require a subsequent reversal should be recorded timely and in the proper period. An alternative procedure would be to timely recode the payment or receipt that was affected by the journal entry.

Action Taken: It appears 2012 audit adjustments were properly reversed as necessary in 2013.

Finding 2012-3: The Organization was not in compliance with the requirement of submitting the 2011 audited annual financial statements to the Legislative Auditor's office within six months after year end.

Our Recommendation: The Organization should ensure that accounting personnel complete the year end financial statements and address audit requests in a timely manner to facilitate completion of audited annual financial statements by the deadline.

Action Taken: Reports were submitted timely in 2013.

YWCA OF GREATER BATON ROUGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>CFDA #</u>	<u>Grant #</u>	<u>Amount of Federal Expenditures</u>
<u>U.S. Department of Health and Human Services:</u>			
Administration for Children and Families			
Early Head Start	93.600	06CH702810 06CH702811	\$ 2,075,220
Passed through Louisiana Department of Children and Family Services			
Community Based Family Resources	93.590	719573 725744	18,500
Passed through Louisiana Department of Health and Hospitals Office of Public Health			
HIV/AIDS Program	93.940	713088 721554	55,803
SiHLE Intervention	93.092	713081 721972	29,925
Total U.S. Department of Health and Human Services			<u>2,179,448</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Office of Community Development			
Community Development Block Grant	14.228	B-13-DC-22-0001	24,846
Total Federal Expenditures			<u>\$ 2,204,294</u>

The accompanying notes are an integral part of this schedule
See Independent Auditors' Report

YWCA OF GREATER BATON ROUGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the YWCA of Greater Baton Rouge under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Because the schedule presents only a selected portion of the operations of YWCA of Greater Baton Rouge, it is not intended to and does not present the financial position, changes in net assets or cash flows of YWCA of Greater Baton Rouge.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, "Cost Principles for Non-Profit Organizations," wherein certain types of expenditures are not allowable or are limited as to reimbursement.